



2021 ANNUAL REPORT

Fortress Caribbean
Pension Fund





Fortress Fund Managers is a Barbados-based investment manager. We have been providing top-ranked returns, open communication and accessible service to our clients since 1996.

We offer a range of funds and investment products to meet the needs of individuals and institutions. In each case, our main goal is to achieve consistent long-term returns for our clients. We do this by applying sound, disciplined processes to our investments in equities, fixed income and real estate. We offer products with global reach, as well as those that focus primarily on the Caribbean region.

Please feel free to contact us to learn more about this Fund, or any of our products.

Fortress Fund Managers Limited
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St. Michael, BB14004
Barbados
BB11144
TEL (246) 431 2198
FAX (246) 431 0514
invest@fortressfund.com
www.fortressfund.com

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Fortress Caribbean Pension Fund

Investment Objectives & Fund Details

The Fortress Caribbean Pension Fund offers three classes of shares to defined contribution and defined benefit pension plans and their participants: Redeemable Aggressive Accumulator (AA), Redeemable Conservative Consolidator (CC) and the Redeemable Capital Secure (CS), each with its own investment objective. The objective of the AA class of share is to achieve growth and capital appreciation of the assets over the long term. The investment objective of the CC class of share is to achieve growth and capital appreciation over the medium term, while that of the CS class of share is to achieve capital security in the short term.

FUND NAME:	Fortress Caribbean Pension Fund Limited		
LAUNCH DATE:	October 9, 2002		
LAUNCH PRICE:	\$10.00 per share		
NET ASSET VALUE PER SHARE 9/30/2021	AA	CC	CS
	\$30.4886	\$28.8095	\$19.3129
NET ASSETS 9/30/2021	\$210,407,536	\$167,976,371	\$17,784,340
MANAGEMENT EXPENSES: <i>Management fees:</i>	0.50% per annum of net assets at the Fund level. Fees from the underlying Fortress funds in which the Fund invests are capped at between 0.25% and 0.50% per annum of net assets, depending on the Fund.		
<i>Administration fees:</i>	0.03% per annum on the net asset value of the Fund		
<i>Custodian fees:</i>	\$2,000 per annum on the first \$5M - \$15M in assets \$7,500 per annum on assets > \$50M		
INITIAL CHARGES:	Nil		
REDEMPTION CHARGES:	Nil		
INVESTMENT MANAGER & ADMINISTRATOR:	Fortress Fund Managers Limited		
CUSTODIAN:	SigniaGlobe Financial Group Inc.		
FUND VALUATIONS:	Monthly		
NAV QUOTATIONS:	www.fortressfund.com		

Directors & Administrators

DIRECTORS

Sir Geoffrey Cave, K.A., C.B.E., B.C.H., L.L.D. (Hon) - Chairman
René Delmas
John Howard
Desmond Kinch
Maria Nicholls
Tracey Shuffler
John Williams
Roger Cave - Investment Director

COMPANY SECRETARY

Hanna M. Chrysostom
One+ Haggatt Hall
St. Michael
Barbados

FORTRESS FUND MANAGERS AUDIT COMMITTEE

John Howard
Maria Nicholls

REGISTERED OFFICE

Radley Court
Upper Collymore Rock
St. Michael, BB14004
Barbados

ATTORNEY AT LAW

Clarke Gittens Farmer
Parker House
Willey Business Park
Willey Road
St. Michael
Barbados

INDEPENDENT AUDITORS

Ernst & Young Ltd.
One Welches
Welches
St. Thomas
Barbados

CUSTODIAN

SigniaGlobe Financial Group Inc.
Shirley House
Hastings Main Road
Christ Church
Barbados

INVESTMENT MANAGER & ADMINISTRATOR

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St. Michael, BB14004
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Fax: (246) 431 0514
Internet: www.fortressfund.com
Email: invest@fortressfund.com

Fortress Caribbean Pension Fund Limited ("the Fund") is an open-ended mutual fund company and was incorporated on October 9, 2002 under the provisions of the Mutual Funds Act of Barbados. The Fund maintains its registered office at Radley Court, Upper Collymore Rock, St. Michael, BB14004, Barbados.

Important information about this Fund is contained in its prospectus, which we encourage you to read before making an investment. The indicated returns in this document are net of all fees and expenses. Returns are historical and are not necessarily indicative of future performance. Investors should be aware that there are risks involved where the value of the Fund's shares may go down as well as up. A copy of the prospectus may be obtained from the offices of Fortress Fund Managers, or downloaded at www.fortressfund.com.

Background

Fortress Caribbean Pension Fund Limited (“Pension Fund”) is a mutual fund company incorporated in Barbados and licensed under the Mutual Funds Act 2002-22.

Fortress Fund Managers Limited (“Fortress”) has been manager of the Fund since its inception.

The Pension Fund was established in 2002 in response to the growing trend of companies favouring Defined Contribution (DC) pension plans over Defined Benefit (DB) pension plans. In DC plans, contribution rates are fixed by employer and employee, and members bear 100% of the investment and longevity risks as there are no guarantees to the level of pension that can be provided at retirement with the member’s funds.

Recognising that members at different ages have different investment risks and objectives, the Pension Fund has been structured to allow members to direct their own funds as they see fit into one of three investment shares – Aggressive Accumulator (AA) Share,

Conservative Consolidator (CC) Share and Capital Secure (CS) Share. Each share has a different asset allocation make-up, from being “aggressive” to “conservative,” thus catering to members who have changing risk/reward objectives as they progress towards retirement.

Where the Pension Fund invests in other funds managed by Fortress, there is a rebate system in place for the Pension Fund to avoid double charging of management fees.

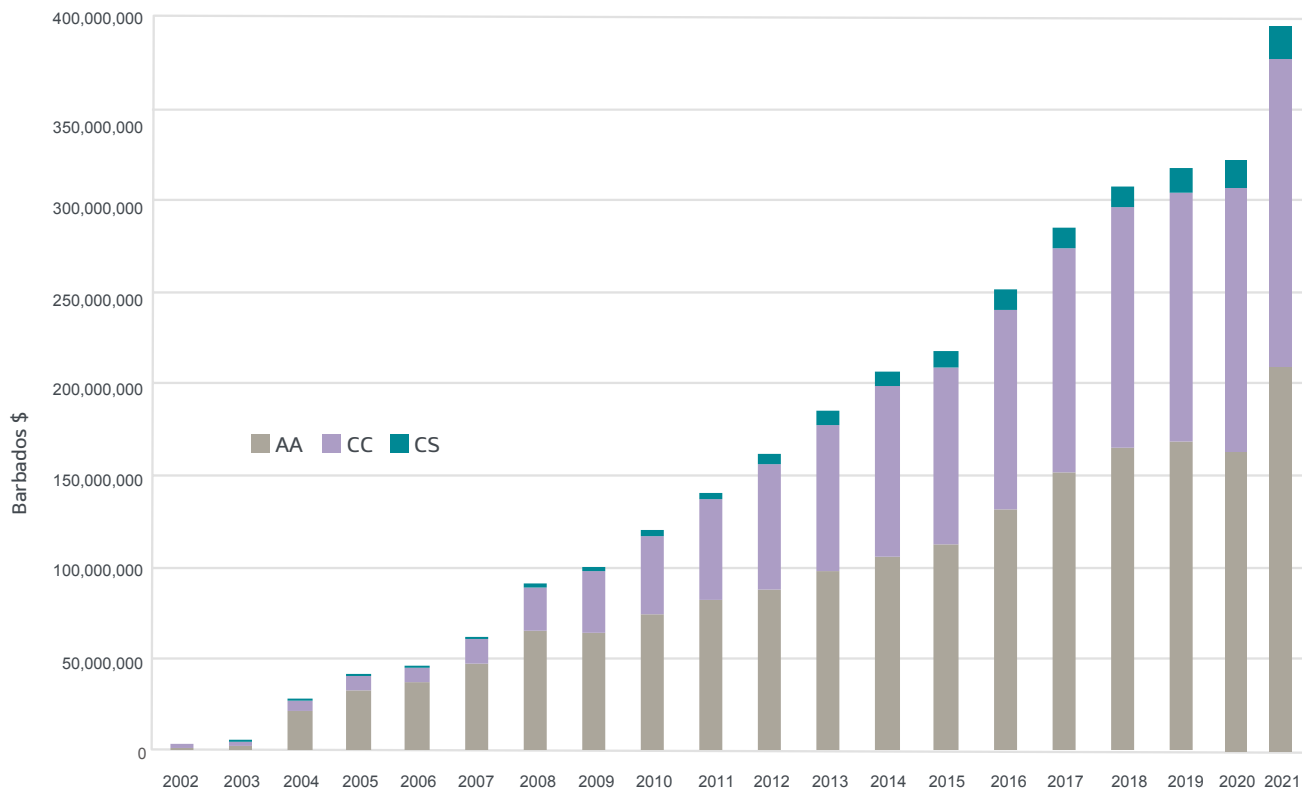
Fortress provides both record keeping and investment services to DC plans that invest in the Pension Fund, and investment only services to DB pension plans.

Members of DC plans can access their accounts through our website and are also able to use our pension projection tool on the website.

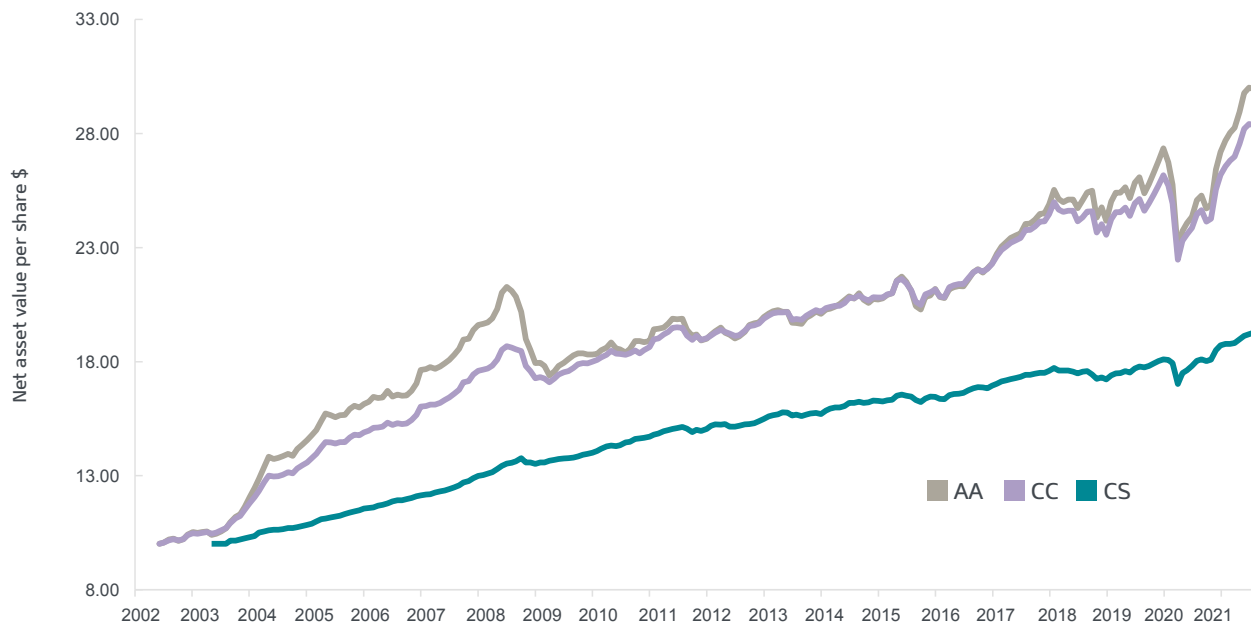
As of September 30, 2021 approximately 80 companies are investing in the Pension Fund and record keeping services are being provided for over 4,500 employees.

Asset Growth & Investment Performance

Fortress Caribbean Pension Fund - Asset Growth



Net Asset Value Performance Since Inception



Asset Growth & Investment Performance

Historical 1-Year Investment Returns (net of all fees and expenses)

Year Ending	AA Share Return	CC Share Return	CS Share Return
9/30/2003	10.5%	9.5%	—
9/30/2004	24.0%	17.7%	5.4%
9/30/2005	14.9%	12.1%	6.4%
9/30/2006	3.7%	4.2%	5.3%
9/30/2007	14.8%	11.8%	6.1%
9/30/2008	6.4%	8.1%	8.4%
9/30/2009	-9.0%	-3.1%	0.6%
9/30/2010	2.9%	4.2%	6.3%
9/30/2011	1.2%	1.7%	1.4%
9/30/2012	2.5%	3.2%	2.3%
9/30/2013	1.6%	2.3%	2.7%
9/30/2014	4.0%	3.8%	3.3%
9/30/2015	-2.1%	-1.4%	0.3%
9/30/2016	8.7%	7.5%	4.0%
9/30/2017	9.9%	8.7%	3.5%
9/30/2018	5.2%	2.8%	-0.2%
9/30/2019	1.1%	1.4%	2.2%
9/30/2020	-4.2%	-3.2%	1.2%
9/30/2021	23.4%	19.4%	7.2%

Performance Summary as of September 30, 2021*

	3 months	1 year	3 year	5 year	Inception
AA Share	1.5%	23.4%	6.1%	6.7%	5.9%
CC Share	1.4%	19.4%	5.4%	5.5%	5.6%
CS Share	0.6%	7.2%	3.5%	2.7%	3.6%

*periods longer than one year are annual compound returns

Portfolio Positioning

The three classes of shares of the Pension Fund invest in combinations of equities, fixed income and real estate consistent with the time horizons, risk tolerance and objectives for each class of share.

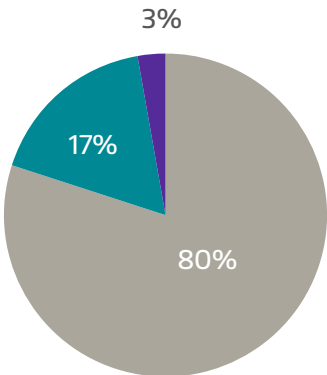
the **Fortress Caribbean High Interest Fund**. Where the Fund invests in other funds managed by Fortress, a rebate system is in place to avoid double charging of management fees.

The Fund's largest holding of equities is in the **Fortress Caribbean Growth Fund**, while for fixed income it is in

The asset allocation of the three shares as at 30th September 2021 is as follows:

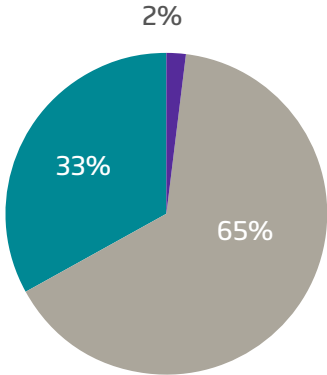
Asset Allocation of Funds

AGGRESSIVE ACCUMULATOR



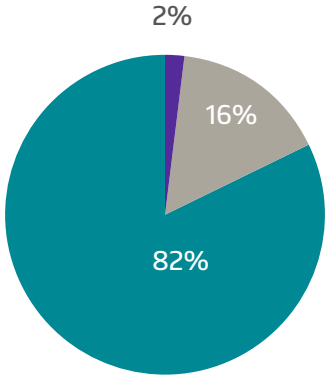
■ EQUITIES	80%
■ FIXED INCOME	17%
■ REAL ESTATE/OTHER	3%

CONSERVATIVE CONSOLIDATOR



■ EQUITIES	65%
■ FIXED INCOME	33%
■ REAL ESTATE/OTHER	2%

CAPITAL SECURE



■ EQUITIES	16%
■ FIXED INCOME	82%
■ REAL ESTATE/OTHER	2%



Directors' Report

Directors' Report

Roger Cave, Investment Director

"The Fortress Caribbean Pension Fund had extremely strong performance in the year ended September 30, 2021. The AA share gained 23.4%, the CC share rose 19.4% and the CS share was up 7.2%..."

The Fortress Caribbean Pension Fund ("the Fund") had extremely strong performance in the year ended September 30, 2021. The AA share gained 23.4%, the CC share rose 19.4% and the CS share was up 7.2%. These returns reflect the differing asset allocations of the classes of share as equities rallied and bonds generated low single digit returns. Since inception in 2002, the annual compound returns for the AA, CC and CS shares have been 5.9%, 5.6% and 3.6% per year respectively. Total assets of the Fund increased from \$322 million to \$396 million during the year, reflecting both the positive investment performance and net investor inflows.

The Fund's operations were uninterrupted during the year, despite the reintroduction of various lockdown measures locally. Investment operations, fund administration and financial functions all continued as normal even though behind the scenes. As for many companies, the work to produce the same result was different and sometimes more difficult. We would like to thank our clients, our team, and our business partners and suppliers once again this year for their support and adaptability during the ever-changing conditions.

The equity allocations of the three shares of the Pension Fund are primarily made up of investments in the **Fortress Caribbean Growth Fund**, the fixed income allocations are primarily made up of investments in the **Fortress Caribbean High Interest Fund**, and the small allocations to real estate are typically made through the Epley Caribbean Property Fund SCC (formerly Fortress

Caribbean Property Fund SCC). The returns of the three shares in the Pension Fund are therefore primarily a blend of the performance returns of these underlying funds.

Fortress Caribbean Growth Fund

The Fortress Caribbean Growth Fund ("Growth Fund") returned 26.4% for the year ended September 30 as our global investments continued rallying back from the weakness of early 2020 and some of the Fund's holdings in Trinidad and Guyana enjoyed outsized gains. This strong year follows a much weaker year in 2020 and is a good example of how returns from year to year can vary widely. Over many years, however, they tend to average out. Since inception in 1996, the Fund has delivered an annual compound rate of return of 8.3% per year net of all fees and expenses.

The Growth Fund's portfolio continues to be diversified within the Caribbean region and globally, across a range of industries, countries and individual holdings. The focus as always is on owning shares in good, profitable companies at reasonable prices. Approximately 30% the portfolio is invested in the Caribbean region and 70% invested in U.S., international and emerging markets, offering Barbados-based investors access to exceptional global diversification. It is worth noting, however, that our ability to invest additional assets in local, regional and global equities continues to be constrained by exchange controls in Barbados and by relatively small, illiquid stock markets in the region.

Despite a volatile year, the overall returns posted by global equities in 2021 were unusually strong. Many of these gains could be attributed to the rally in already highly valued technology stocks, especially those in the U.S. Strong earnings in 2020 and the continued positive earnings outlooks for these companies saw their high share prices soar even further. Further, the increasing interest in retail investing and the rise of platforms to facilitate it have contributed significantly to the speculation around much-loved technology stocks. We continue to see meaningful risks for investors in such highly valued areas of the equity market.

Thankfully, this situation does not affect all stocks. There are still several industries and many companies both in the developed and developing world where the recovery in revenues and profits has been healthy, where fundamentals are sound, and whose shares still trade at reasonable valuations. This is the area in which the Growth Fund invests and returns this year were strong. The one-year gains for the three largest holdings in the Growth Fund via the Fortress Global Funds were: US Equity (+37%), International Equity (+25%) and Emerging Markets (+30 %). We were pleased with these results which were outstanding in absolute and relative terms.

In the Caribbean, especially the heavily tourism-dependent countries in Jamaica, Barbados, the Bahamas and the OECS, the impact of the pandemic on the regional economies was, and continues to be, severe. Initial shortages of vaccines and subsequently slow inoculation has delayed the recovery from the pandemic. Over the last year, the Barbados stock market index dropped 11%, while the Jamaica and Trinidad indexes were up 4% and 9% respectively. The Growth Fund's largest holdings in Trinidad, Massy Holdings and Guardian Holdings, produced solid gains of 40% and 73% respectively as they reported relatively good operating results and announced plans to list on the Jamaica Stock Exchange. These were far better returns than most shares in the Caribbean experienced. Meanwhile in Jamaica and Barbados, the Growth Fund's holdings in shares like PanJam Investment, Sagicor Group Jamaica, NCB Financial Group, GraceKennedy and Goddard Enterprises saw mixed results with some posting gains

and others declines. The bright spark in the region over this year was Guyana where the recent offshore oil discoveries prompted expectations for the economy to be one of the fastest growing in the world in the next few years. The share prices of some of the leading companies in Guyana reflected this optimism and the Fund's long-time holdings in Banks DIH, Demerara Bank and Demerara Distillers posted gains ranging from 33% to 144% for the year.

Several periods of market weakness during the year presented opportunities to increase allocations to global investments at discounted levels. We added to the Growth Fund's holdings in U.S. and international equities during these episodes. We continue to find the best value in the world among international and emerging markets shares but have also found compelling value in certain well-valued U.S. shares. During the year we added to the Growth Fund's large-capitalisation biotechnology holdings and initiated a position in Berkshire Hathaway, both of which contributed healthy gains. The average valuations of our global holdings continued to be excellent, and we think consistent with well above average future returns.

Fortress Caribbean High Interest Fund

The Fortress Caribbean High Interest Fund ("High Interest Fund") returned 3.4% for the year ended September 30, 2021, generating a positive result even as U.S. bond prices declined, and the domestic Barbados bond market saw few opportunities for new investment. The High Interest Fund's compound annual return since inception of 2002 is now 4.0% per year, net of all fees and expenses. Its investment objective continues to be the highest level of income consistent with the preservation of capital.

As the global recovery from last year's pandemic shock continued, interest rates generally trended higher and back towards pre-pandemic levels. The 10-year U.S. Treasury yield rose from 0.7% to 1.5% during the year as the U.S. Federal Reserve (Fed) kept in place its immense stimulus programmes and kept its target rate pinned in the range of 0-0.25%. As more economic activity returned to normal, pent-up consumer demand ran up

against supply chains that were still operating below normal and this pushed prices significantly higher on some key inputs such as lumber and shipping. Not surprisingly, as the year progressed, broader inflation readings rose, and bond investors had to contend with uncertainty over how long such inflation pressures may last as a result of recent enormous fiscal and monetary stimulus. It is worth noting that even with these inflation pressures, global bond yields are still extremely low by historical standards and in some markets like Germany and Japan are still hovering near or even below zero.

The High Interest Fund's portfolio is divided almost equally between U.S. dollar denominated global bond investments and holdings in local Barbados dollar bonds. The holding in the US\$ Fortress Fixed Income Fund SP remains our largest allocation at 17% of the portfolio. This fund, also managed directly by Fortress, invests in high-quality corporate and government bonds primarily in the U.S., and is an efficient way to access this type of conservative investment with an actively managed, well-diversified portfolio. It offers us the ability to gain efficient diversification for the High Interest Fund and to easily adjust allocations as necessary. The fund had a positive year even as global bond yields rose and prices fell, gaining 0.8%. (Management fees related to the High Interest Fund's investments in these funds are rebated by Fortress to the Fund to avoid double charging.)

The High Interest Fund's other allocations to global bonds via external managers and individual holdings also generated slightly positive returns during the year. The high levels of activity seen in the U.S. bond market last year were not repeated in 2021 and with corporate spreads tightening, lucrative investment opportunities outside of high yield debt dwindled. In our opinion, the risk/reward did not favour adding lower grade credits at this point in the cycle with the Fed potentially looking to begin tightening. The High Interest Fund's holdings remained squarely focused on investment grade issuers.

In Barbados, the High Interest Fund's holdings in corporate and government bonds were largely steady during the year. We continued to add gradually to

holdings in longer term post-restructuring Government of Barbados (GOB) bonds as our holdings of GOB Series F bonds continued to repay principal on schedule. These purchases occurred at yields between 7% and 12% depending on maturity and left the High Interest Fund's allocation to Government of Barbados debt at approximately 9% of the total portfolio. We added one new corporate bond position during the year and rolled over some that matured.

As of September 30, 2021, the average term to maturity of the High Interest Fund's diversified holdings was just over five years, and the average gross yield to maturity was 3.1% (down from 3.5% last year). Approximately 40% of the portfolio is invested outside the Caribbean region in U.S. dollars and other global currencies.

Asset Allocation & Outlook

After another strong year for global equity markets, we are now at a point where headwinds in some areas may lead to lower future returns. Slower economic growth, the possibility of tighter monetary policy, and high valuations in many parts of the market, may bring stock market returns back to more normal levels in the coming years. Thankfully, there is still excellent value to be found around the world in the kinds of high-quality, well-valued shares where we invest and the return prospects from here remain substantial for this particular subset of the market. But it is important to note that even among these holdings, the outsized gains bouncing back from last year's pandemic lows are unlikely to be repeated and returns will almost certainly be more muted in coming years.

In the Caribbean, we believe the prospects for equity returns are less promising. We do expect the pace of recovery will improve in the coming year as long-distance travel and tourism improve, but significant economic challenges remain for the region especially with the additional burdens created by the pandemic. This would not necessarily be a problem for equity investors if share prices in the region were cheap. Unfortunately, this is not the case. Shares in the Caribbean are on average fully valued, trading in many

cases at significant premiums to where much larger companies with similar operations trade elsewhere in global markets. As a result, we remain extremely selective in our regional holdings, concentrating on the few large, profitable, well-run companies whose shares still trade at reasonable valuations. We still see good prospects from these individual holdings, largely in Trinidad and Guyana.

In fixed income, return expectations are still lower than average. Global interest rates are exceptionally low and there are few opportunities for viable fixed investment within the confines of the Barbados bond market. We continue to favour equities over bonds in the asset allocation of the Fund, with each share's investment in equities near the top end of its normal range.

Service providers are important to the operation of the Fund and there was a change to one of the Fund's key providers during the year. FirstCaribbean International Bank (FCIB), the Fund's Custodian since inception in 1996, took the decision during the year to exit the business and therefore to resign as Custodian of the Fund. We are pleased to report that SigniaGlobe Financial Group Inc. has added custody services to its service offering, and that following approval from the Financial Services Commission (FSC) it has from September assumed the role of Custodian for the Fund on the same terms and conditions as FCIB previously. The months-long exercise of transitioning to a new Custodian for the Fund was immensely time-consuming and required significant effort by the Fortress team as FCIB stepped back from its role and new arrangements with SigniaGlobe were put in place.

On a more positive note, we are pleased to report that subsequent to the year-end, Ms. Ruth Henry and Mr. Greg McConnie have agreed to join the Board of Directors of Fortress Fund Managers and the related boards of the various mutual funds. We sincerely look forward to working with them in the years ahead, and to the contributions we know they will make to the benefit of all our investors.

Related to these new appointments is some news that is both happy and sad for Fortress. Effective September 30, 2021, in line with our long-term corporate governance plan, Sir Geoffrey Cave retired from the Boards of the various Fortress mutual funds. He will also retire from the Fortress Fund Managers Board at the end of December 2021. Sir Geoffrey has chaired all the Fortress boards from inception in 1996. His leadership, direction, guidance, and most of all his keen and excited interest in the Fortress business and its clients could never be matched. His contribution to the financial success and investment returns of so many thousands of individual shareholders and large pension schemes alike also cannot be overstated. We truly thank Sir Geoffrey for all that he has done in the creation and growth of this Fund and wish him many happy years in retirement. Mr. John Williams will assume the role of Chairman, and we look forward to his continued leadership and guidance in the years ahead.

If you would like to learn more about the performance and positioning of the main underlying funds in which the Pension Fund invests, please see the annual and quarterly reports of the Fortress Caribbean Growth Fund and the Fortress Caribbean High Interest Fund, available to view or download at www.fortressfund.com.

Thank you to all our pension plan participants and sponsors for investing with us. We will continue to invest your savings with a disciplined focus on the long-term.



Roger Cave, CA, CFA
Investment Director

René Delmas
Pension Director



Financial Statements



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN PENSION FUND LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fortress Caribbean Pension Fund Limited (“the Fund”), which comprise the statement of financial position as at 30 September 2021, and the statement of net assets attributable to holders of redeemable mutual fund shares, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 September 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN PENSION FUND LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN PENSION FUND LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Fund's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Fund and the Fund's shareholders as a body, for our audit work, for this report, or for the opinion we have formed

Ernst & Young Ltd

BARBADOS

17 December 2021

Fortress Caribbean Pension Fund Limited

Statement of Financial Position

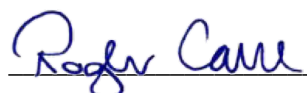
As at September 30, 2021


(expressed in Barbados dollars)

	2021			2020		
	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
Assets						
Financial assets (note 5)	208,215,825	167,715,896	18,151,800	162,572,350	139,610,346	14,338,476
Accounts receivable	—	—	—	1,253,258	4,624,223	812,122
Cash and cash equivalents	2,432,407	2,612,266	305,888	117,137	96,181	13,333
Total assets	210,648,232	170,328,162	18,457,688	163,942,745	144,330,750	15,163,931
Liabilities						
Redemptions payable	227,476	2,341,556	672,243	38,686	13,011	896
Accounts payable and accrued expenses	12,441	10,038	1,081	696,003	923,273	52,894
Total liabilities (excluding net assets attributable to holder of redeemable mutual fund shares)	239,917	2,351,594	673,324	734,689	936,284	53,790
Net assets attributable to holders of redeemable mutual fund shares (note 7)	210,407,536	167,976,371	17,784,340	163,207,277	143,394,269	15,110,117
Total liabilities	210,647,453	170,327,965	18,457,664	163,941,966	144,330,553	15,163,907
Share capital (note 8)	779	197	24	779	197	24
Liabilities and shareholder funds	210,648,232	170,328,162	18,457,688	163,942,745	144,330,750	15,163,931
Net asset value per share	30.4886	28.8095	19.3129	24.7121	24.1327	18.0207

The accompanying notes form an integral part of the financial statements.

Approved by the Board of Directors on December 13, 2021

 Director

 Director

Fortress Caribbean Pension Fund Limited

Statement of Changes in Net Assets Attributable to Holders of Redeemable Mutual Fund Shares For the year ended September 30, 2021

(expressed in Barbados dollars)

	Number of shares			Net assets attributable to holders of redeemable mutual fund shares		
	Aggressive Accumulator	Conservative Consolidator	Capital Secure	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
Balance as at September 30, 2019	6,542,827	5,431,305	762,759	168,696,751	135,463,727	13,580,732
Issue of shares	435,283	943,366	148,922	11,035,767	22,625,315	2,669,944
Redemption of shares	(373,770)	(432,771)	(73,195)	(9,430,189)	(10,586,797)	(1,313,254)
Total comprehensive (loss)/ income for the year	–	–	–	(7,095,052)	(4,107,976)	172,695
Balance as at September 30, 2020	6,604,340	5,941,900	838,486	163,207,277	143,394,269	15,110,117
Issue of shares	571,024	464,582	191,629	16,410,094	12,728,274	3,595,799
Redemption of shares	(274,181)	(575,889)	(109,263)	(7,789,723)	(15,715,944)	(2,080,755)
Total comprehensive income for the year	–	–	–	38,579,888	27,569,772	1,159,179
Balance as at September 30, 2021	6,901,183	5,830,593	920,852	210,407,536	167,976,371	17,784,340

Fortress Caribbean Pension Fund Limited

Statement of Comprehensive Income For the year ended September 30, 2021

(expressed in Barbados dollars)

	2021			2020		
	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
Revenue						
Net gain/(loss) on financial assets at fair value through profit or loss (note 5)	37,553,019	26,877,700	1,149,106	(8,287,997)	(4,703,441)	166,189
Other income (note 6)	1,037,868	691,009	16,419	917,078	605,751	13,082
Interest and other investment income	28,450	60,860	1,670	40,189	39,456	–
Dividend income	48,833	14,880	345	317,631	85,028	319
Total investment gain/(loss)	38,668,170	27,644,449	1,167,540	(7,013,099)	(3,973,206)	179,590
Expenditure						
Administrator and custodian fees (note 6)	60,093	50,518	5,386	53,968	44,219	4,587
Professional fees	11,319	9,300	1,050	10,312	8,881	887
Office and administrative expenses	8,588	7,884	1,182	8,193	7,220	564
Director fees	8,282	6,975	743	9,480	7,663	857
Withholding taxes	–	–	–	–	66,787	–
Operating expenditure	88,282	74,677	8,361	81,953	134,770	6,895
Comprehensive income/(loss) for the year	38,579,888	27,569,772	1,159,179	(7,095,052)	(4,107,976)	172,695

The accompanying notes form an integral part of these financial statements.

Fortress Caribbean Pension Fund Limited

Statement of Cash Flows

For the year ended September 30, 2021

(expressed in Barbados dollars)

	2021			2020		
	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
Cash flows from operating activities						
Total comprehensive income/(loss) for the year	38,579,888	27,569,772	1,159,179	(7,095,052)	(4,107,976)	172,695
Adjustment for:						
Interest income	(28,450)	(60,860)	(1,670)	–	(39,456)	–
Dividend income	(48,833)	(14,880)	(345)	(317,631)	(85,028)	(319)
Net (gain)/loss on financial assets at fair value through profit or loss	(37,553,019)	(26,877,700)	(1,149,106)	8,287,997	4,703,441	(166,189)
Operating income before working capital changes	949,586	616,332	8,058	875,314	470,981	6,187
Decrease/(increase) in accounts receivable	1,151,555	4,590,744	812,122	(218,588)	(3,824,536)	(751,926)
(Decrease)/increase in accounts payable	(683,562)	(913,235)	(51,813)	(398,785)	(526,925)	41,843
Purchase of financial assets at fair value through profit or loss	(11,656,806)	(10,490,996)	(3,454,218)	(6,140,395)	(13,350,000)	(1,080,000)
Proceeds on sale of financial assets at fair value through profit or loss	3,566,350	9,263,146	790,000	3,708,014	4,778,701	410,000
Cash (used in)/generated from operations	(6,672,877)	3,065,991	(1,895,851)	(2,174,440)	(12,451,779)	(1,373,896)
Interest received	28,450	60,860	1,670	–	39,456	–
Dividend received	150,536	48,359	345	215,928	51,549	319
Net cash (used in)/generated from operating activities	(6,493,891)	3,175,210	(1,893,836)	(1,958,512)	(12,360,774)	(1,373,577)
Cash flows from financing activities						
Issue of redeemable mutual fund shares	16,410,094	12,728,274	3,595,799	11,035,767	22,625,315	2,669,944
Redemption of redeemable mutual fund shares	(7,600,933)	(13,387,399)	(1,409,408)	(9,506,718)	(10,596,523)	(1,315,895)
Net cash generated from/(used in) financing activities	8,809,161	(659,125)	2,186,391	1,529,049	12,028,792	1,354,049

Fortress Caribbean Pension Fund Limited

Statement of Cash Flows ...*continued*
For the year ended September 30, 2021

(expressed in Barbados dollars)

	2021			2020		
	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
Net increase/(decrease) in cash and cash equivalents	2,315,270	2,516,085	292,555	(429,463)	(331,982)	(19,528)
Cash and cash equivalents - beginning of year	117,137	96,181	13,333	546,600	428,163	32,861
Cash and cash equivalents - end of year	<u>2,432,407</u>	<u>2,612,266</u>	<u>305,888</u>	<u>117,137</u>	<u>96,181</u>	<u>13,333</u>

The accompanying notes form an integral part of these financial statements.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

1 Incorporation and principal activity

The Fund was incorporated in Barbados on October 9, 2002 under the Companies Act of Barbados and is licensed under the Mutual Funds Act 2002-22 of Barbados as an authorised mutual fund. The Fund maintains its registered office at Radley Court, Upper Collymore Rock, St. Michael, Bridgetown, Barbados.

The primary objective of each class of share is stated below:

The investment objective of the Aggressive Accumulator (AA) class of shares is to achieve growth and capital appreciation of the assets over the long term.

The investment objective of the Conservative Consolidator (CC) class of shares is to achieve growth and capital appreciation of the assets over the medium term.

The investment objective of the Capital Secure (CS) class of shares is to achieve the highest possible return compatible with the preservation of capital in the short term.

The Fund's investment and administration activities are managed by Fortress Fund Managers Limited ("the Investment Manager").

These financial statements were authorised for issue by the Board of Directors on December 13, 2021.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) promulgated by the International Accounting Standards Board (IASB), applicable to entities reporting under IFRS. The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Although these estimates are based on management's knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgement on complexity, or areas where assumptions and estimates are significant to the financial assets are disclosed in note 3.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

2 Summary of significant accounting policies ...continued

a) Basis of presentation ...continued

New and amended standards and interpretations

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2020, that have a material effect on the financial statements of the Fund.

b) Foreign currency translation

Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Barbados dollars which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of net (loss)/gain on financial assets at fair value through profit or loss.

c) Financial assets and financial liabilities at fair value through profit or loss

i) *Classification*

Assets

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective.

Consequently, all investments are measured at fair value through profit or loss. Financial assets in the category at fair value through profit or loss have been so designated by management at inception since the assets form part of the managed portfolio whose performance is evaluated on a fair value basis in accordance with a documented investment strategy.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

2 Summary of significant accounting policies ...continued

c) Financial assets and financial liabilities at fair value through profit or loss...continued

i) Classification

Liabilities

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading. The Fund includes in this category, derivative contracts in a liability position and equity and debt instruments sold short. The Fund may make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date, which is the date the Fund commits to purchase or sell the investments. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income which include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from these assets have expired or the Fund has transferred substantially all risks and rewards of ownership.

When the Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions or the full amount of the premium, if the option expires worthless, is recognised as a gain or loss and is presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss.

Investments in other investment funds are valued on the basis of the net asset value per share as determined by the administrators of those investment vehicles in accordance with industry practice.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

2 Summary of significant accounting policies ...continued

c) Financial assets and financial liabilities at fair value through profit or loss ...continued

ii) Recognition, derecognition and measurement ...continued

All other financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is the current exit price; the quoted market price for financial liabilities is the current exit price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques or from other sources. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. Investments in other funds are measured on the net asset value per share as determined by the administrator of the fund.

iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

2 Summary of significant accounting policies ...continued

d) Cash and cash equivalents

Cash and cash equivalents are short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to insignificant changes in fair value.

e) Investment income

Interest income

Interest income is recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest method. Interest income relates to coupons earned on fixed income investments and short-term deposits.

Dividend income

Dividend income is recognised when the Fund's right to receive payment is established.

f) Expenses

Expenses are accounted for on an accrual basis. Expenses are charged to the statement of comprehensive income. In addition to the management fees and administration expenses, the Fund is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

g) Redeemable mutual fund shares/net asset value

The Fund issues redeemable mutual fund shares which are redeemable at the holder's option and are classified as financial liabilities. The Fund's net asset value per redeemable mutual fund share is calculated by dividing the net assets attributable to those shares by the number of outstanding redeemable shares. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the procedures described in note 2c for the purpose of determining the net asset value per share for subscriptions and redemptions.

h) Distributions payable to holders of redeemable mutual fund shares

The Fund does not pay dividends or distributions to the holders of redeemable mutual fund shares. All income, including interest, dividends and capital gains earned by the Fund, is automatically reinvested and this income is reflected in the net asset value of the shares.

i) Taxation

The Fund is licensed as an authorized mutual fund under the Mutual Funds Act, 2002-22 of Barbados. The Directors have resolved that all of the net income of the Fund is attributable to the Fund's redeemable mutual fund shareholders. In calculating the assessable income of the Fund for tax purposes, the Act provides for a deduction of up to 100% of the income that is designated to be the income of the Fund shareholders.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

3 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year relate to the valuation of unquoted investments and the determination of impairment provisions. The fair value of such securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices.

The Fund exercises judgement and estimates on the quantity and quality of pricing sources used. The determination of what constitutes ‘observable’ requires significant judgement by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Management policies surrounding these estimates and assumptions are disclosed in note 4.

4 Financial risk management

The Fund’s activities expose it to a variety of financial risks: market risk (which includes price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk.

The Fund’s overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise the potential adverse effect on the Fund’s financial performance. The Fund’s policy allows it to use derivative financial instruments to moderate certain risk exposures.

The risk management policies employed by the Fund to manage these risks are discussed below. There are no changes in the risk management policies from the prior year.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors (“the Board”). The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

Market risk

i) Price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares.

The equity price risk exposure arises from the Fund’s investments in equity securities and units in managed equity funds. To manage this risk the Fund holds a diversified portfolio of investments in accordance with its investment policy. A summary of the overall statement of financial position market exposures at September 30, 2021 is disclosed in note 5.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management...continued

Market risk

i) Price risk ...continued

Sensitivity

Management's best estimate of the effect on profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. The analysis is based on the assumptions that the MSCI All Country World Index increased by 13% (2020- 24%) and the Bloomberg Barclays US Aggregate Bond Index increased by 3% (2020- 6%), with all other variables held constant, and that the fair value of the Fund's portfolio of equity securities and equity-based investments moved according to their historical correlation with the indices. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

	2021	2020
	\$	\$
Effect on net assets attributable to redeemable shares of an increase in the indices		
Aggressive Accumulator	14,921,758	20,566,565
Conservative Consolidator	10,131,519	15,159,642
Capital Secure	444,094	575,242

The Investment Manager uses the MSCI All Country World Index as a reference point in evaluating portfolio risk and performance. However, the Investment Manager does not manage the Fund's investment strategy to track the MSCI All Country World Index or any other index or external benchmark.

ii) Cash flows and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk. The Fund's significant interest-bearing financial assets earn interest at fixed rates and therefore the cash flows of the Fund are not affected by fluctuations in the prevailing levels of market interest rates. The Fund therefore has no significant interest rate risk on its cash flows.

The majority of the Fund's financial assets and liabilities of the Fund are non-interest bearing. The Fund would be impacted by movement in the market interest rates on the maturity of short-term fixed rate instruments which would have to be reinvested at different rates of return.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Market risk ...continued

ii) Cash flows and fair value interest rate risk...continued

The following table indicates the sensitivity to the fair value of the Fund's long term fixed rate financial assets at fair value through profit or loss, to a reasonable possible change in interest rates with all other variables being constant.

	2021 Effect on net income \$	2020 Effect on net income \$
Conservative Consolidator		
Change in interest rate:		
-2%	263,861	313,995
2%	(195,785)	(223,227)

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain over-the-counter derivative products that use interest rates as an input in their valuation model.

Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to holders of redeemable shares of future movements in interest rates.

iii) Foreign currency risk

The Fund holds financial assets denominated in currencies other than Barbados dollars, the functional currency of the Fund. Consequently, except where assets and liabilities are denominated in currencies fixed to the Barbados dollar, the Fund is exposed to currency risk. The Fund's policy is not to enter into any hedging transactions to mitigate currency risk. The Fund has no significant exposure to currency risk at year end as the foreign currencies within the Fund do not fluctuate noticeably against the Barbados dollar.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment entered into with the Fund.

The maximum direct exposure of the Fund to the credit risk is set out in the following table:

	Aggressive Accumulator	Conservative Consolidator	Capital Secure
	\$	\$	\$
September 30, 2021			
Government backed securities	–	1,086,866	–
Cash and cash equivalents	2,432,407	2,612,266	305,888
	2,432,407	3,699,132	305,888
September 30, 2020			
Government backed securities	–	979,475	–
Accounts receivable	1,253,258	4,624,223	812,122
Cash and cash equivalents	117,137	96,181	13,333
	1,370,395	5,699,879	825,455

The Fund holds government bonds issued by the Government of Barbados which maintains a B- (2020- B -) rating by Standard and Poor's.

The Fund's significant exposure to individual counterparty credit risk on its cash and cash equivalents is set out below:

	Aggressive Accumulator	Conservative Consolidator	Capital Secure
	\$	\$	\$
Cash and cash equivalents			
September 30, 2021			
CIBC FirstCaribbean International Bank (not rated)	2,432,407	2,612,266	305,888
September 30, 2020			
CIBC FirstCaribbean International Bank (not rated)	117,137	96,181	13,333

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk

The Fund is exposed to monthly cash redemptions of redeemable mutual fund shares (note 2g). It therefore invests the majority of its assets in investments that are easily liquidated. The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month \$	1 - 3 months \$
At September 30, 2021		
Aggressive Accumulator		
Redemptions payable	227,476	–
Accounts payable and accrued expenses	–	12,441
Net assets attributable to holders of redeemable fund shares	–	210,407,536
Total financial liabilities	227,476	210,419,977
Conservative Consolidator		
Redemptions payable	2,341,556	–
Accounts payable and accrued expenses	–	10,038
Net assets attributable to holders of redeemable fund shares	–	167,976,371
Total financial liabilities	2,341,556	167,986,409
Capital Secure		
Redemptions payable	672,243	–
Accounts payable and accrued expenses	–	1,081
Net assets attributable to holders of redeemable fund shares	–	17,784,340
Total financial liabilities	672,243	17,785,421

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk...continued

	Less than 1 month \$	1 - 3 months \$
At September 30, 2020		
Aggressive Accumulator		
Redemptions payable	38,686	–
Accounts payable and accrued expenses	–	696,003
Net assets attributable to holders of redeemable fund shares	–	163,207,277
Total financial liabilities	38,686	163,903,280
Conservative Consolidator		
Redemptions payable	13,011	–
Accounts payable and accrued expenses	–	923,273
Net assets attributable to holders of redeemable fund shares	–	143,394,269
Total financial liabilities	13,011	144,317,542
Capital Secure		
Redemptions payable	896	–
Accounts payable and accrued expenses	–	52,894
Net assets attributable to holders of redeemable fund shares	–	15,110,117
Total financial liabilities	896	15,163,011

In the event of unusual circumstances and redemption requests representing more than 20% of the Fund's assets are received within 30 consecutive days, the directors of the Fund reserve the right to suspend redemptions and to hold a special meeting of the Fund shareholders to determine the future of the Fund, including the liquidation of the Fund's assets. In any event, redemptions may be paid in cash or by an appropriate transfer in specie.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk...continued

The Fund manages its liquidity risk by investing in securities that it expects to be able to easily liquidate. The following table illustrates the expected liquidity of assets held.

	Less than 1 month \$	1 - 3 months \$	Over 3 months \$
Total assets			
September 30, 2021			
Aggressive Accumulator	6,173,328	204,435,855	39,049
Conservative Consolidator	3,740,725	166,583,937	3,500
Capital Secure	315,454	18,142,234	–
September 30, 2020			
Aggressive Accumulator	5,131,695	158,772,141	38,909
Conservative Consolidator	5,859,723	138,467,540	3,487
Capital Secure	835,286	14,328,645	–

Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a monthly basis as the Fund is subject to monthly subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Fund is the current exit price; the quoted market price for financial liabilities is the current asking price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

The Fund is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the Fund’s financial assets and liabilities (by class) measured at fair value:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
September 30, 2021				
Financial assets at fair value through profit or loss				
Aggressive Accumulator				
Mutual funds	–	204,435,855	–	204,435,855
Listed equities and mutual funds	3,740,921	–	39,049	3,779,970
	3,740,921	204,435,855	39,049	208,215,825

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2021				
Financial assets at fair value through profit or loss				
Conservative Consolidator				
Mutual funds	–	165,497,071	–	165,497,071
Listed equities and mutual funds	1,128,459	–	3,500	1,131,959
Government backed securities	–	–	1,086,866	1,086,866
	1,128,459	165,497,071	1,090,366	167,715,896
Capital Secure				
Mutual funds	–	18,142,234	–	18,142,234
Listed equities and mutual funds	9,566	–	–	9,566
	9,566	18,142,234	–	18,151,800
September 30, 2020				
Financial assets at fair value through profit or loss				
Aggressive Accumulator				
Mutual funds	–	158,772,141	–	158,772,141
Listed equities and mutual funds	3,761,300	–	38,909	3,800,209
	3,761,300	158,772,141	38,909	162,572,350
Conservative Consolidator				
Mutual funds	–	137,488,065	–	137,488,065
Listed equities and mutual funds	1,139,319	–	3,487	1,142,806
Government backed securities	–	–	979,475	979,475
	1,139,319	137,488,065	982,962	139,610,346
Capital Secure				
Mutual funds	–	14,328,645	–	14,328,645
Listed equities and mutual funds	9,831	–	–	9,831
	9,831	14,328,645	–	14,338,476

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

Investments whose value are based on quoted market prices in active markets, and therefore classified within level 1, include active listed close-ended mutual funds. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These are unlisted mutual funds and listed equity securities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include government issued debt. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair value.

There were no transfers between levels as at September 30, 2021.

The following tables present the movement in level 3 instruments by class of financial instrument:

	Listed equities and mutual funds \$	Total balance \$
September 30, 2021		
Aggressive Accumulator		
Opening balance	38,909	38,909
Gains recognised in the statement of comprehensive income	140	140
	<hr/>	<hr/>
Closing balance	39,049	39,049
Change in unrealised gains for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	140	140
	<hr/>	<hr/>

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

	Listed equities and mutual funds \$	Government backed securities \$	Total balance \$
September 30, 2021			
Conservative Consolidator			
Opening balance	3,487	979,475	982,962
Gains recognised in the statement of comprehensive income	13	107,391	107,404
Closing balance	3,500	1,086,866	1,090,366
Change in unrealized gain for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	13	107,391	107,404
	Listed equities and mutual funds \$	Hedge funds \$	Total balance \$
September 30, 2020			
Aggressive Accumulator			
Opening balance	118,656	10,619	129,275
Sales/ distributions	(77,108)	(10,619)	(87,727)
Losses recognised in the statement of comprehensive income	(2,639)	–	(2,639)
Closing balance	38,909	–	38,909
Change in unrealised losses for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	(2,639)	–	(2,639)

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

	Listed equities and mutual funds \$	Government backed securities \$	Hedge funds \$	Total balance \$
September 30, 2020				
Conservative Consolidator				
Opening balance	10,634	1,375,267	10,619	1,396,520
Sales/distributions	(6,910)	–	(10,619)	(17,529)
Losses recognised in the statement of comprehensive income	(237)	(395,792)	–	(396,029)
Closing balance	3,487	979,475	–	982,962
Change in unrealised losses for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	(237)	(395,792)	–	(396,029)

The below table provides information about fair value measurements using significant unobservable inputs (level 3).

Description	Fair value at September 30, 2021 \$	Fair value at September 30, 2020 \$	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Aggressive Accumulator					
Listed equities and mutual funds	39,409	38,909	Third party valuation of net asset value per share	Net asset value per share	The higher the net asset value per share the higher the fair value
Conservative Consolidator					
Listed equities and mutual funds	3,500	3,487	Third party valuation of net asset value per share	Net asset value per share	The higher the net asset value per share the higher the fair value
Government backed securities	1,086,866	979,475	DCF method	Discount rate	The higher the discount rate, the lower the fair value

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) not measured at fair value at September 30, 2021 but for which fair value is disclosed.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2021				
Aggressive Accumulator				
Assets				
Cash and cash equivalents	2,432,407	–	–	2,432,407
Total	2,432,407	–	–	2,432,407
Liabilities				
Redemptions payable	–	227,476	–	227,476
Accounts payable and accrued expenses	–	12,441	–	12,441
Net assets attributable to holders of redeemable mutual fund shares	–	210,407,536	–	210,407,536
Total	–	210,647,453	–	210,647,453
Conservative Consolidator				
Assets				
Cash and cash equivalents	2,612,266	–	–	2,612,266
Total	2,612,266	–	–	2,612,266
Liabilities				
Redemptions payable	–	2,341,556	–	2,341,556
Accounts payable and accrued expenses	–	10,038	–	10,038
Net assets attributable to holders of redeemable mutual fund shares	–	167,976,371	–	167,976,371
Total	–	170,327,965	–	170,327,965

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

Assets and liabilities not carried at fair value but for which fair value is disclosed...continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2021				
Capital Secure				
Assets				
Cash and cash equivalents	305,888	–	–	305,888
Total	305,888	–	–	305,888
Liabilities				
Redemptions payable	–	672,243	–	672,243
Accounts payable and accrued expenses	–	1,081	–	1,081
Net assets attributable to holders of redeemable mutual fund shares	–	17,784,340	–	17,784,340
Total	–	18,457,664	–	18,457,664
September 30, 2020				
Aggressive Accumulator				
Assets				
Accounts receivable	–	1,253,258	–	1,253,258
Cash and cash equivalents	117,137	–	–	117,137
Total	117,137	1,253,258	–	1,370,395
Liabilities				
Redemptions payable	–	38,686	–	38,686
Accounts payable and accrued expenses	–	696,003	–	696,003
Net assets attributable to holders of redeemable mutual fund shares	–	163,207,277	–	163,207,277
Total	–	163,941,966	–	163,941,966

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

Assets and liabilities not carried at fair value but for which fair value is disclosed...continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2020				
Conservative Consolidator				
Assets				
Accounts receivable	–	4,624,223	–	4,624,223
Cash and cash equivalents	96,181	–	–	96,181
Total	96,181	4,624,223	–	4,720,404
Liabilities				
Redemptions payable	–	13,011	–	13,011
Accounts payable and accrued expenses	–	923,273	–	923,273
Net assets attributable to holders of redeemable mutual fund shares	–	143,394,269	–	143,394,269
Total	–	144,330,553	–	144,330,553
Capital Secure				
Assets				
Accounts receivable	–	812,122	–	812,122
Cash and cash equivalents	13,333	–	–	13,333
Total	13,333	812,122	–	825,455
Liabilities				
Redemptions payable	–	896	–	896
Accounts payable and accrued expenses	–	52,894	–	52,894
Net assets attributable to holders of redeemable mutual fund shares	–	15,110,117	–	15,110,117
Total	–	15,163,907	–	15,163,907

The assets and liabilities, except for redeemable mutual fund shares, included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Margin accounts, cash and cash equivalents include cash in hand, deposits held with banks and other short-term investments in an active market.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

Assets and liabilities not carried at fair value but for which fair value is disclosed...continued

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of the Fund in accordance with the Fund's offering memorandum. These shares are not traded on an active market. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the share class (note 2g). The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares.

5 Financial assets at fair value through profit or loss

The classification of the Fund's investments is detailed below:

	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
September 30, 2021			
Financial assets designated at fair value through profit or loss:			
- Mutual funds	204,435,855	165,497,071	18,142,234
- Listed equities and mutual funds	3,779,970	1,131,959	9,566
- Government backed securities	-	1,086,866	-
Total financial assets designated at fair value through profit or loss	208,215,825	167,715,896	18,151,800
Net gains recognised in relation to investments:			
- realised gains	881,054	1,674,761	98,536
- change in unrealised gains	36,671,965	25,202,939	1,050,570
	37,553,019	26,877,700	1,149,106

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

5 Financial assets at fair value through profit or loss...continued

	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
September 30, 2020			
Financial assets designated at fair value through profit or loss:			
- Mutual funds	158,772,141	137,488,065	14,328,645
- Listed equities and mutual funds	3,800,209	1,142,806	9,831
- Government backed securities	–	979,475	–
Total financial assets designated at fair value through profit or loss	162,572,350	139,610,346	14,338,476
Net (losses)/ gains recognised in relation to investments:			
- realised gains	679,029	403,196	49,487
- change in unrealised (losses)/gains	(8,967,026)	(5,106,637)	116,702
	(8,287,997)	(4,703,441)	166,189

The detailed portfolio of investments is as follows:

	2021		2020	
	Cost \$	Market value \$	Cost \$	Market value \$
Financial assets at fair value through profit or loss				
Aggressive Accumulator				
Fortress Mutual Fund Limited	100,816,657	164,348,853	94,264,685	122,337,671
Fortress Caribbean High Interest Fund	28,202,331	35,822,379	26,409,516	33,049,512
Fortress Global Opportunity Wealth Fund SP	3,453,460	3,838,466	1,453,460	1,567,310
Eppley Caribbean Property Fund- Value Fund	3,770,080	3,164,088	3,770,079	3,164,088
Eppley Caribbean Property Fund- Development Fund	1,652,892	455,033	1,652,892	511,912
Fortress Emerging Markets Fund SP	253,375	426,157	253,375	327,874
Massy Holdings Ltd	95,100	121,800	95,100	85,300
Praetorian Property Mutual Fund	320,215	39,049	320,215	38,909
Fortress OAM Overseas Fund Ltd	–	–	1,373,279	1,489,774
	138,564,110	208,215,825	129,592,601	162,572,350

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

5 Financial assets at fair value through profit or loss...continued

	Rate	Maturity	2021		2020	
			Cost \$	Market value \$	Cost \$	Market value \$
Financial assets at fair value through profit or loss:						
Conservative Consolidator						
Fortress Mutual Fund Limited			69,151,362	106,597,375	69,382,880	83,131,345
Fortress Caribbean High Interest Fund			46,498,465	55,269,987	43,798,828	51,468,366
Fortress Global Opportunity Wealth Fund SP			2,803,460	3,203,552	1,453,460	1,567,310
Eppley Caribbean Property Fund-Value Fund			1,161,460	1,041,573	1,161,460	1,041,573
Government of Barbados- Series D	2.00%	2053/08/31	2,638,613	1,086,866	2,638,613	979,475
Fortress Emerging Markets Fund SP			253,375	426,157	253,375	327,874
Eppley Caribbean Property Fund-Development Fund			313,755	86,886	313,755	97,746
Praetorian Property Mutual Fund			28,854	3,500	28,854	3,487
Fortress OAM Overseas Fund Ltd			–	–	915,508	993,170
			122,849,344	167,715,896	119,946,733	139,610,346
Capital Secure						
Fortress Caribbean High Interest Fund			13,276,041	15,178,947	10,544,343	12,058,978
Fortress Mutual Fund Limited			2,184,598	2,963,287	2,153,542	2,269,667
Eppley Caribbean Property Fund-Value Fund			10,434	7,440	10,434	7,440
Eppley Caribbean Property Fund-Development Fund			7,896	2,126	7,896	2,391
			15,478,969	18,151,800	12,716,215	14,338,476

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

5 Financial assets...continued

The Fortress Mutual Fund Limited aims to achieve long term capital appreciation from Caribbean securities. The fund's assets are invested mainly in shares of companies listed on the Caribbean stock exchanges.

The Fortress Caribbean High Interest Fund Limited aims to achieve the highest level of income compatible with the preservation of capital by investing in medium to high grade debt and equity securities issued by corporate and government entities with a short to medium term maturity profile principally in the Caribbean Region.

The objective of Fortress Emerging Markets Fund SP is long term growth with limited risk in emerging markets equities.

The objective of Fortress Global Opportunity Wealth Fund SP is long term appreciation. The fund combines investments in Fortress US Equity Fund SP, Fortress International Equity Fund SP, Fortress Emerging Markets Fund SP, direct holding in global government fixed income securities and allocations to select specialist managers in fixed income, equity and alternatives assets classes.

The Fortress OAM Overseas Fund Limited aims through its investments in OAM Asian Recovery Fund and OAM European Value Fund, to offer investors long-term capital appreciation through the application of a bottom-up value-based investment approach.

6 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Fortress Fund Managers Limited serves as manager, registrar and administrator of the Fund. As a result of providing investment advisory, management, registrar and administrator services, Fortress Fund Managers Limited receives a monthly management fee based on the actual net asset value of the Fund, calculated monthly and payable in arrears, at the rate of 0.50% per annum. The Fund invests in mutual funds managed by the same manager. The management fee amounted to \$1,808,310 (2020 - \$1,587,579) for the year. The administrator fees amounted to \$108,498 (2020- \$95,254) for the year.

Management fees of \$3,553,606 (2020 - \$3,098,780) were refunded by Fortress Fund Managers Limited and Fortress Fund Advisors Limited (a subsidiary of Fortress Fund Managers Limited) being 0.50% - 1.25% of the net asset values of Fortress Mutual Fund Limited, Fortress Caribbean High Interest Fund, Fortress OAM Overseas Management Fund Limited, Fortress Emerging Markets Fund SP and Fortress Global Opportunity Wealth Fund SP shares held by the Fund during the year. This is to avoid double charging of management fees on assets invested in related Funds which have the same Manager.

The Fund holds 37,620,799 (2020 - 36,780,928) shares valued at \$273,909,515 (2020 - \$207,738,683) in the Fortress Mutual Fund Limited.

The Fund holds 50,002,970 (2020- 47,069,333) shares valued at \$106,271,313 (2020- \$96,576,856) in the Fortress Caribbean High Interest Fund Limited.

Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2021

(expressed in Barbados dollars)

6 Related parties...continued

The Fund holds 2,856 (2020 - 2,856) shares valued at \$852,314 (2020- \$655,748) in the Fortress Emerging Markets Fund Limited.

The Fund holds 25,189 (2020- 13,484) shares valued at \$7,042,018 (2020- \$3,134,620) in the Fortress Global Opportunity Wealth Fund Limited.

The Fund holds nil (2020 - 1,112,087) shares valued at \$nil (2020 - \$2,482,944) in the Fortress OAM Overseas Fund Limited.

Directors fees of \$16,000 (2020 - \$18,000) were paid during the year.

7 Redeemable mutual fund shares

Each class of Fund shares is entitled to share in the net income and net capital gains of the Fund. Fund shareholders shall not be entitled to vote at meetings of shareholders of the Fund save and except as permitted under the Companies Act CAP 308 and of the following:

- i) Disposal of substantially all of the Assets of the Fund, other than the course of ordinary business.
- ii) Any change or abrogation of the rights attached to the shares or any variation affecting the rights attached to the Fund shares.
- iii) Any proposed amalgamation of the Fund with another company or any amalgamation of the Fund with another Mutual Fund.
- iv) Any proposed liquidation or dissolution of the Fund.

8 Share capital

The 1,000 common shares held by the Fund Manager, carry full voting rights, but do not share in the profits of the Fund. On winding up of the Fund, the shares will be repaid at issue value.

9 Covid-19

In December 2019, a novel strain of coronavirus, (“COVID-19”), surfaced in Wuhan, China. This virus continues to spread around the world, resulting in business and social disruption. COVID-19 was declared a global pandemic by the World Health Organization on 11 March 2020. The operations and business results of the Fund could be materially adversely affected. As the COVID-19 pandemic is ongoing and the near term worldwide economic outlook remains uncertain, we cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our financial statements.

As at the reporting date any impact on the balances as of September 30, 2021, due to the ongoing COVID-19 pandemic have been appropriately accounted for in accordance with the reporting framework.

Management does not believe there is any risk to the Fund’s ability to continue as a going concern for the foreseeable future from the reporting date linked to the COVID-19 pandemic.

We have evaluated all significant activities through to December 13, 2021, the date these financial statements were available to be issued and concluded that no additional subsequent events occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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